#FutureOfHomes

MegaTrends that will shape the Home Furniture Industry

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A KNOWLEDGE INITIATIVE ENCOURAGED BY CREATICITY

MEGATRENDS SHAPING THE GLOBAL FURNITURE MARKET

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Csil

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INTRODUCTION: Why the analysis of megatrends? Which market trends?

Megatrends are large-scale, long-lasting changes that, unlike short-term fads lasting a year or two, take several years to develop and continue relentlessly over economic cycles. They originate from changes and disruptions in the demographic, economic, social, political, environmental, or technological context. Digitalization, urbanization, and globalization are examples of megatrends.

Megatrends not only entail fundamental shifts at the macro level, but they impact the most diverse areas of everyone's life, including the way we live, we work, and we design our spaces. The analysis of megatrends is thus a useful support for the **consumers' analysis** as it tries to identify the forces underpinning changes in an individual's lifestyle, values, and priorities (e.g. growing individualism, healthy living, increasing mobility, etc.). Changing a consumers' lifestyle in turn affect **market trends**, as it translates and affects the types of products he searches on the market and/or the market functioning itself.

In this framework, the following trends seem particularly relevant in shaping the present and future development of the furniture market:

- #1 ADAPTIVE LIVING: Changing living and working spaces & demand for multifunctional/adaptable furniture
- #2 SMART LIVING: Digitalization and connectivity at home and in purchasing habits
- #3 ETHICAL LIVING: Demand for sustainable products & development of circularity
- #4 WELLNESS LIVING: Wellness & comfort, accessible design
- #5 INDIVIDUALIZATION: Demand for personalization and customization
- #6 LUXURY LIVING: Affluent consumers & luxury furniture demand

These trends are expected to impact the furniture market at a global level, even though at different intensities around the world, changing in function of countries' socio-cultural features and their stage of economic development.

Some of these trends have been developing for years (e.g. globalization), others are relatively more recent (e.g. emergence of circular business models), whereas some others accelerated particularly in the last few years during the Covid-19 pandemic (e.g. e-commerce markets growth, new ways of working).

The figure in the next page recaps the main megatrends, their impact on individual lifestyle and consumers' behavior and finally their implications in terms of furniture demand and market evolution. When looking at the picture, one should consider that the context is the result of multiple forces. In particular, some trends may be interconnected (e.g. the emergence of new sustainable business models is favored and reinforced by the ongoing consumers' purchasing process transformation) or they may share the same drivers (e.g. digitalization is a macro trend driving e-commerce expansion, smart/intelligent furniture design, and product customization).

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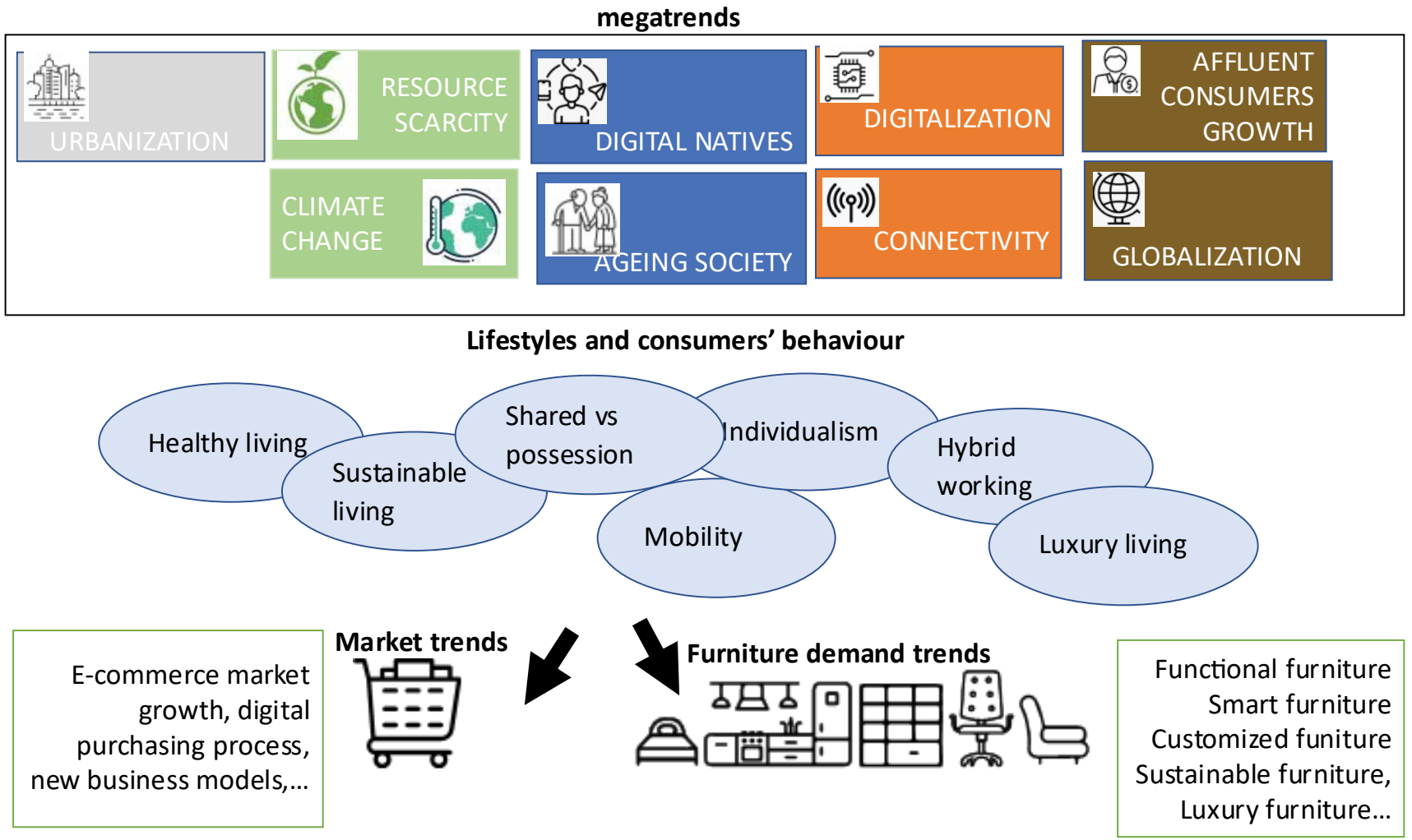
Fig. 1 Megatrends, consumer trends, furniture market trends



Source: CSIL

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THE CONTEXT: The global furniture market

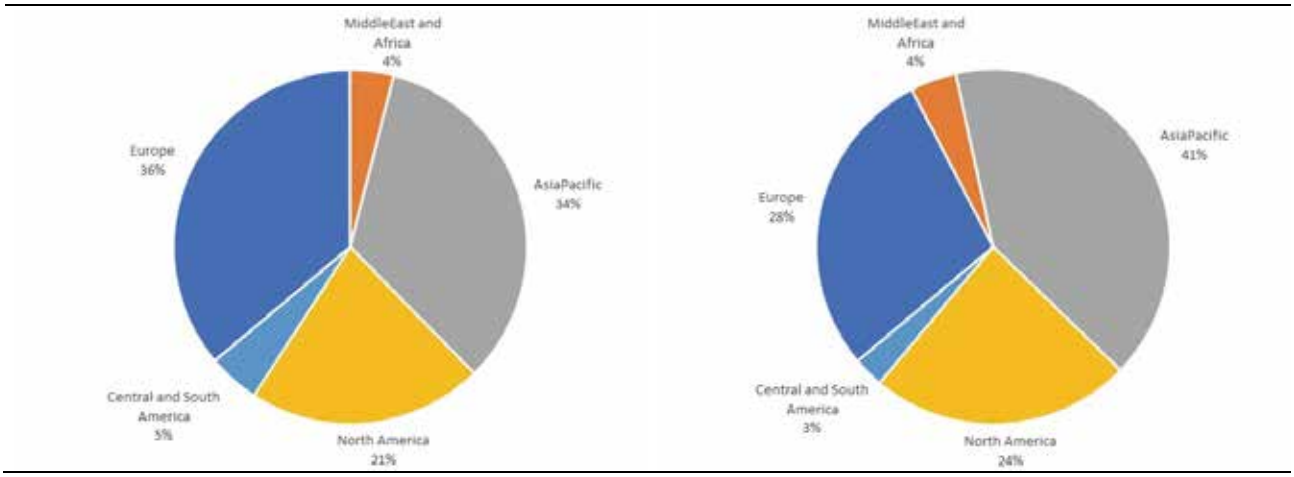
According to CSIL market estimates, world furniture consumption is worth about US$ 500 billion (at producer prices). The world furniture market is sizeable and it has become more globalized over the years.

The integration of national economies around the world has been increasing over the last decades, particularly through trade, financial flows, labor mobility and the development of transnational value chains. Technology advancements, including digitalization, data sharing and connectivity, also favored this trend. Global geography has been changing. Thanks to rapid economic growth, emerging and developing countries have gained importance on the global map, making them increasingly important global suppliers and/or attractive markets to be reached. Several alternative scenarios are being formulated for the development of globalization: physical and virtual integration of economies may keep growing; fragmentation, nationalisms and protectionism may instead negatively affect the globalization trend; or (more likely) an integrated balance between local, regional and global interactions may emerge, shaping the context for markets integration and supply chains development. Whatever the outcome will be, **the world furniture sector has been deeply shaped by globalization, which has brought strong and long-lasting effects on its structure**.

The geography of furniture consumption has sensibly changed, with the increasingly important role of developing/emerging markets, noticeably Asia.

At present, around 40% of world furniture consumption (in value) takes place in Asia-Pacific. The role of this area in the global context has significantly increased, especially thanks to the growth of its largest markets. China is the first furniture market of the area, followed (at a distance) by India and Japan.

Fig. 2 Global furniture market breakdown by geographical areas, ten years ago and today



Source: CSIL World Furniture Outlook, 2022

Market openness to import is another important indicator of globalization. At present, nearly 40% of world consumption is constituted by furniture that has been imported. Despite (rising) trade barriers and recent (massive) supply chain bottlenecks, **furniture markets generally seem to remain (partly) dependent on imports.**

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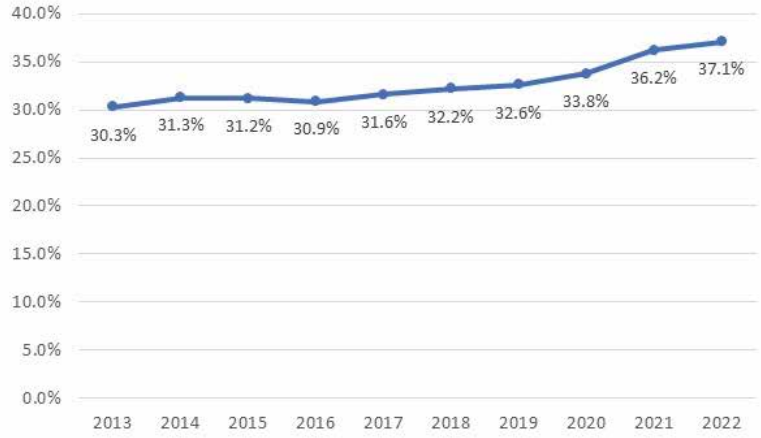
Fig. 3 World furniture import over consumption ratio, last decade

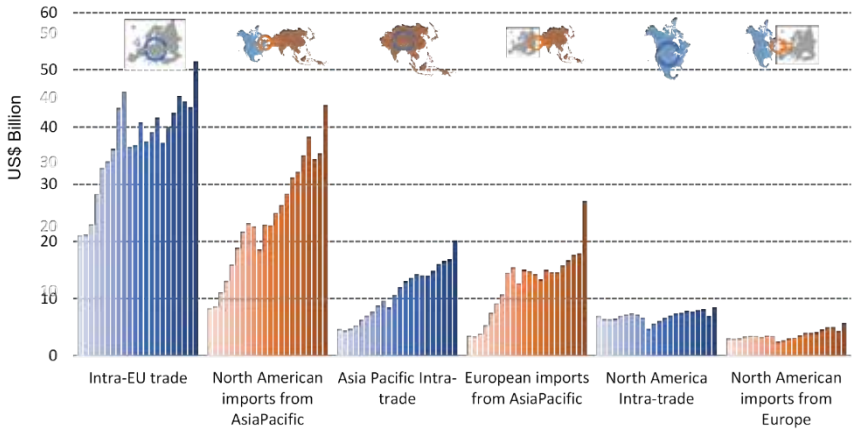


Source: CSIL World Furniture Outlook, 2022

Furniture markets' opening to imports is favored by several factors including: i) **the integration of production and retail activities within regions** (e.g. with the European Union, within Asia), ii) continuously evolving **comparative advantages of developing countries** when exporting worldwide (e.g. Asian competitors of China entering the US furniture market), iii) **internationalization expansion strategies of retail chains**, which are accelerating because of growth of international purchasing power (particularly in emerging markets).

It is worth mentioning that despite some large Asian markets are still relatively closed to imports**, regional trade within Asia is growing**, thus showing an increasing interdependence between the area's markets which is likely to continue in the coming years (e.g. with developing regional trade agreements).

Fig. 4 Main furniture international trade flows, last two decades



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THE MAIN MEGATRENDS

#1 ADAPATABLE LIVING: CHANGING LIVING AND WORKING SPACES & DEMAND FOR MULTIFUNCTIONAL/ADAPTABLE FURNITURE

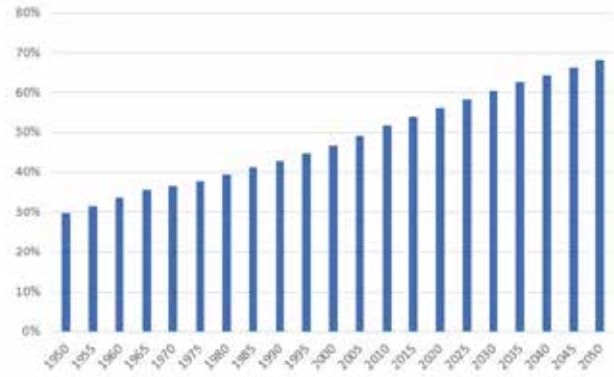
What is driving this trend?

Growing population, Urbanization, urban living and evolving Lifestyles and working habits

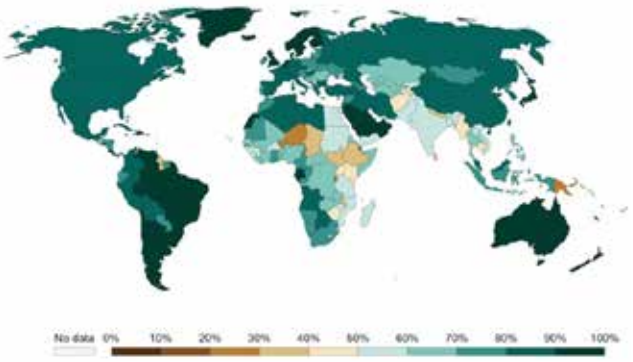
Population is growing and concentrating in cities. Despite the urbanization trend temporarily reversed during the pandemic, medium-long term projections are for further growth, with almost 70% of the world population living in cities by 2050.

Fig. 7 Urban population share forecasts, at the world level and in single countries

Percentage of World population in Urban Areas, 1950-2050



Percentage of population in Urban Areas, 2050



Source: CSIL processing of UN data

The urbanization trend is impacting on home structures, lifestyles and interior design in multiple ways.

More and more people are living in urban flats and their personal living space, on average, is shrinking.

People are moving to cities for studying, working or other scopes, more frequently than in the past. Home becomes a relatively less permanent concept. Short term rentals, flexible solutions are now more frequent. Additionally, shared living is more common, also favored by the trend of the sharing economy which is in the millennials and gen Z mindset.

At the same time, **more and more homes become hybrid spaces**, suitable to host (in relatively small spaces) a wide range of activities (live, work, study, entertain, make fitness, etc.). This need was evident during the pandemic, and this trend is set to continue in the future. The use of home outdoor spaces as living spaces, has also become a trend.

Working life has also generally become more flexible with remote work undoubtedly accelerating during the Covid pandemic but laying on a trend that stared several years ago.

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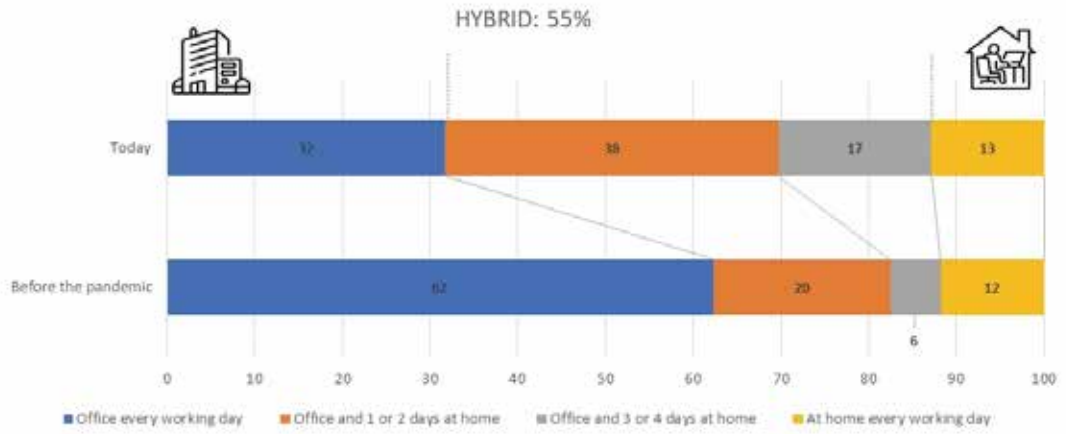
Fig. 9 Working habits in Europe



Source: CSIL Survey to +400 individuals in the Europe, 2022

A substantial number of people is expected to organize their working lives in a much more flexible way in the in the Post-Covid era, for example by working from home more frequently, or conducting working activities in other spaces than offices (e.g. co-working spaces and or hybrid hospitality/working spaces etc).

Obstacles to acceleration of this trends might be cultural/social factors or state norms in specific countries reducing flexibility in organizing working activities. Another obstacle for the further spread of home-working could be the limited space in urban homes. On the other side, economic benefits (e.g. companies saving on office spaces), changing workers attitude to work (particularly for younger generations), and environmental benefits (e.g. *less commuting, less polluting*) will be important drivers supporting new, more hybrids ways of working..

What does this imply in terms of furniture demand and furniture offer?

Home furniture

Present (and future) urban consumers are likely to generate demand for smaller scale, multifunctional, adaptable furniture, to manage efficiently living spaces. Height adjustable tables, modular storage units are just examples of how product design is trying to respond to these needs.

Demand for **furniture that can be adapted to interior and exterior usage** and furnish small gardens, balconies or roof top terraces which are gaining in importance in urban environments is also growing. Sales of outdoor upholstered furniture and outdoor kitchens are increasing.

The higher mobility of urban consumers, and/or the smaller budget attributed to temporary home living solutions, are both drivers for the **RTA – Ready to Assemble furniture**, as this type of furniture is easy to transport, easy to assemble and affordable.

These trends seem to be confirmed by CSIL market analysis. In Europe, for example, both the market for RTA furniture and for outdoor furniture were particularly lively in recent years, outperforming the sector growth.

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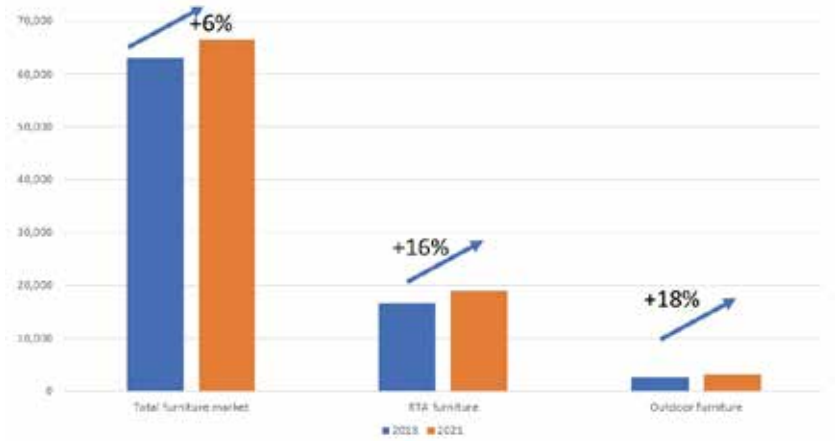
Fig. 8 Example. Furniture product demand in Europe. Consumption, million EUR and 2018-2021 cumulative growth



Source: CSIL, RTA furniture industry 2022, CSIL, Outdoor furniture industry 2022, CSIL The European furniture Industry

It is worth mentioning that modular and multi-function furniture seems to have another intrinsic advantage: it is sustainable as i)it reduces the number of products that consumers will need to furnish their living spaces (resource reduction potential), ii) it is adaptable when moving home, thus preventing it is thrown away before the product end-of-life (waste reduction potential).

Home office furniture

In terms of consumers trends, a general rethinking of the home environment is observed, aimed at accommodating working activities. The presence of a dedicated working space at home is likely to become the norm. It is expected that home offices (separate rooms) will continue to increase in number, becoming more and more similar to standard office workstations. However, as a large share of people do not have a dedicated room in their homes, **manufacturers are asked to propose collections that are adaptable to the home context** - meaning solutions designed to be integrated with existing furniture, in smaller dimensions and varied shapes. Demand will be driven by small home office desks. The demand of swivel chairs, which will remain strong, will ask for more 'harmonic and essential' design for its integration in the home environment. More generally, now, **brands are offering functional but design-friendly pieces**.

Globally, **home office furniture market** represents today from 8 to 15% of the total office furniture market (varying across countries) which makes it **a significant and attractive market segment**.

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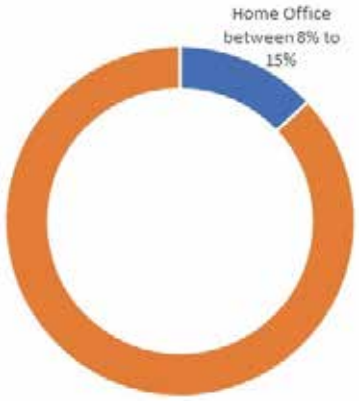
Fig. 10 World. Home-office furniture share on total office furniture consumption



Source: CSIL

Home office furniture sales outperformed the furniture market growth in recent years. Being an attractive segment for companies, competition in this segment will likely increase. The number of actors participating in the home office supply business will multiply in different categories: traditional manufacturers of office furniture, manufacturers of home furniture and upholstery, office chair manufacturers and importers and RTA furniture manufacturers.

Office furniture

Opposite to the home -office, sales of furniture for offices recently underperformed. At the same time, **the redesign of office spaces to face the new ways of working is and will be a continuous stimulus for innovation and the launch of new products**. Similarly to what occurs at home, the office is also becoming a hybrid place, where there are less fixed workstations (the "traditional" office we used to have) and more and more spaces dedicated to teamwork and co-working. Priority seems now to be assigned to workspaces that encourage active collaboration and the informal exchange of views, with spaces for presentations, seating areas and break zones to foster conversation and discussion. At the same time, there is a parallel need for zones that facilitate social distance, concentration, and elimination of distractions.

Again, similarly to what occurs in the home segment, the demand for product modularity and multi-functionality is increasing. Height-adjustable tables (HAT) sales, for example, are particularly lively. This is true also for the category of multifunctional seating, including fixed and stackable seating, along with modular systems, simple or upholstered, that allow for configurations in linear or organic forms, deployed in reception areas and zones for informal meetings.

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2 SMART LIVING: DIGITALIZATION & CONNECTIVITY AT HOME AND IN PURCHASING HABITS

What is driving this trend?

Technology advancements, digitalization, connectivity, Growing importance of digital natives' (Gen Z) consumers' group

Only a few years ago, the expansion of digital channels in the furniture sector (e.g. e-commerce) were more limited than now, but Internet access and consumers' reliance on technology continue to expand globally. The Covid-19 pandemic has further and significantly accelerated changing customer behavior and attitude towards online retail formats and new ways of purchasing, reshaping their behavior and the expectations they have on online services and on furniture items. Several of these shifts are poised to keep growing.

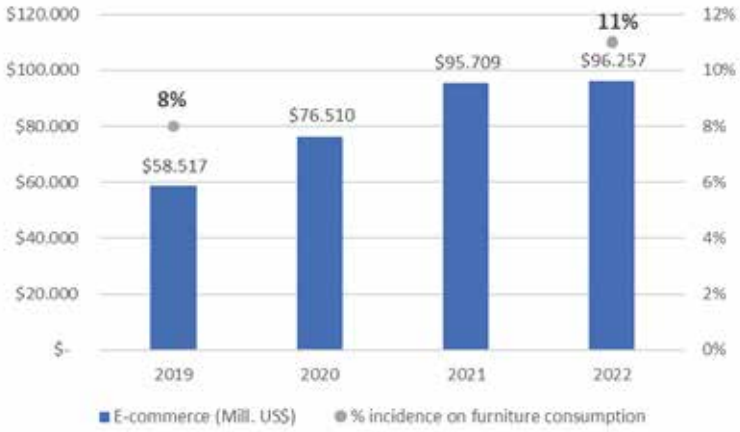
The internet has been one of the most transformative technologies of the modern era and underpins other technological advancements such as artificial intelligence, augmented reality/virtual reality, and the Internet of Things. Connectivity will continue to spread, and new technologies will also progressively become more affordable in the medium term.

What does this imply in terms of furniture sales?

Digitialization and technologic advancements further re-einforce the existing trend toward e-commerce.

Global e-commerce furniture market has become sizeable. According to CSIL estimates, e-commerce accounts for 11% of the global furniture market, that is around 100 US$ billion (at retail prices). Both the incidence and the value of the e-commerce market increased over the years, and such growing trend has further accelerated during the pandemic.

Fig. 5 Global e-commerce furniture market, 2019-2022. Size, development, and incidence on the total furniture market



Source: CSIL, E-commerce in the furniture industry, 2022

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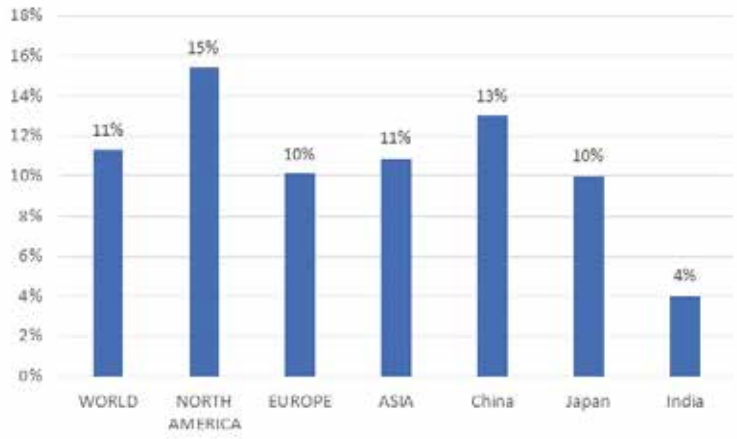
Competition in the e-commerce furniture market is high. Different players operate in the e-commerce segment: E-tailers, Specialist furniture retailers with both physical stores and e-commerce (also called "brick & click" traders), Non-specialist/Lifestyle/DIY retailers, and Manufacturers having their own webstores (B2C).

E-tailers include global e-commerce platforms (e.g. Amazon), large regional marketplaces (e.g. TMall) and specialist furniture web stores (e.g. Wayfair, Home24 or Dunelm). This category is estimated to account for around half of the World e-commerce market in 2022. Brick and Mortar retailers specialized in furniture have outperformed the market average in terms of e-commerce furniture sales' growth. Furniture manufacturers are expanding their presence in B2C through owned websites and, despite this channel still accounts for a small share of the market. It emerged over the last two years and it is expected to further expand in the next future. Digital consumers seem to increasingly look for a direct relationship with brands/manufacturers and this favours B2C growth..

The relevance of e-commerce varies across different geographical areas. The **online channel is growing everywhere in the world, especially in Asia**, where new online platforms are emerging in South Korea, India, Singapore and Australia. In particular, the Indian e-commerce market, which is still undersized if benchmarked globally (e.g. the incidence of e-commerce is sensibly lower than the Chinese one), is booming, and it is expected to achieve a key role in the next future

Fig. 6 E-commerce furniture incidence on the total furniture market in each region



Source: CSIL, E-commerce for the furniture industry

Looking at furniture products sold online, outdoor furniture is among the fastest-growing segment in the e-commerce channel. E-commerce in the mattress sector was also booming, driven also by the Bed-in-a-box concept. Another trend, the one of "hybrid working", especially in North America and Europe, has positively impacted on e-commerce for office furniture, which was traditionally poorly developed. Some other segments remain relative more close to e-commerce (e.g. Kitchen furniture).

The development of digitalization and connectivity not only favors the growth of e-commerce, but it is also transforming - and it is set to further transform - the entire consumers' purchasing process and buying habits. Among key trends in this field, it is important to mention:

- **Augmented shopping**. The consumers' journey will start in a digital environment more often than in the past, with consumers increasingly looking for a way to enhance their experience. This has led many of the largest retailers to simulate in-store shopping online. Augmented reality, virtual reality,

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3d technologies, already often successfully implemented in the furniture sector (also by start-ups company), will grow in importance

- **Social-media shopping**. Online reviews are affecting purchasing decisions more than ever. Increasing importance will be put by companies in value creation and digital marketing to attract and influence potential consumers.

The market for online furniture is highly competitive and rapidly changing.

Even if there is no unique pattern to growth in the sector, it is worth to consider that many retailers are moving towards an **omnichannel strategy**. It is commonly recognized that the omni-channel or "phygital" (physical+ digital) approach will be the prevailing one in future.

Online, retailers are likely use digital platforms for information gathering, product customization etc., whereas offline stores will become more and more a showroom, promoting events and other form of interactions with potential clients. This with the aim of connecting with them at every touchpoint and offer a complete purchasing experience.

What does this imply in terms of product development?

Smart living refers to trend of using a variety of internet-connected devices to conduct multiple activities and affecting how consumers live, work, shop and entertain. This trend has, among others, pushed product innovation in the furniture sector too. Companies started to integrate technology into furniture items and have launched on the market several types of products, including:

- **Furniture incorporating technology** like USB charging ports (it was one of the first innovation and now definitely widespread), touchscreens, speakers, etc. (e.g. furniture for entertainment)
- **furniture that connects** to a network or to a device, so that consumers can dialogue with furniture via a computer or phone, to provide instructions or to receive information
- **furniture with sensors** that register consumer preferences or biometric parameters

This segment of the **iche, but its growth is expected to be sustained** also by other drivers that are likely to stimulate the demand of smart furniture. Among them:

- a general trend for smart homes/smart construction
- energy efficiency, resource savings
- evolution of hybrid working and need of configurating virtual/physical spaces where sharing information (e.g. smart office desks)
- health and wellbeing trend (e.g. monitoring system on mattresses to register biometric parameters)
- customization (e.g. smart seats tracking consumers habits and adapting to them)
- multi-functionality (e.g. smart seats with multiple functions: massaging, heating, relaxing, etc.)
- the increasing number of native digitals which are a target potential for these products

More generally, the speed of growth of innovation is also strongly correlated with the advancement of digitalization and connectivity technologies, which are growing and spreading at a fast pace.

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3 ETHICAL LIVING : DEMAND FOR SUSTAINABLE PRODUCTS & DEVELOPMENT OF CIRCULARITY

What is driving this trend?

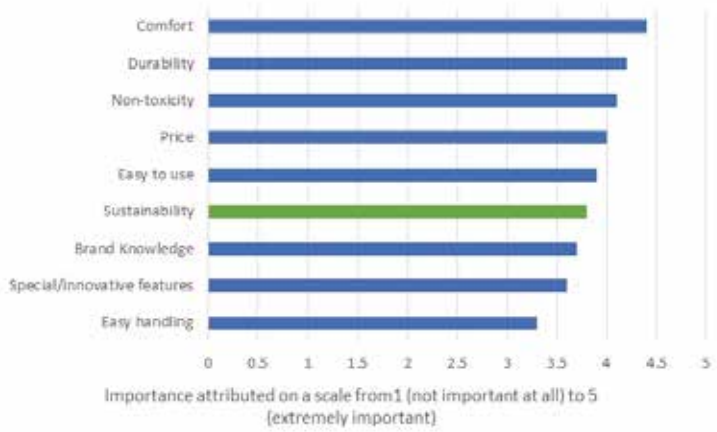
Resource scarcity, environmental challenges, sustainability goals

The pressure on implementing more sustainable production and consumption models is increasing at the world level.

What does this imply in terms of furniture demand and furniture offer?

Environmental pressures are increasingly affecting individuals behavior, and more and more consumers (particularly in some market segments) are taking into account sustainability in the purchasing process.

Fig. 13 Example. Relevance of purchasing criteria when choosing a mattress



Source: CSIL survey to a sample of +4000 European consumers

Yet, sustainability is not at the top of consumers' priorities when purchasing furniture and the market for sustainable products are often still niches, but the situation is evolving rapidly.

The furniture supply chain (with sensible differences across countries and areas) has since years started to work on multiple directions to meet the sustainability goals and to supply the market with more sustainable products to respond to emerging ethichal living requirements of consumers. Actions along the value chain span from investment in primary research to marketing campaigns directed to consumers, from product design to product recyclability.

When pursuing sustainability, companies more and more put attention to **entire product lifecycle, from the moment product it is designed to its end-of life** with the aim of extending its life at the maximum and minimizing related waste generation.

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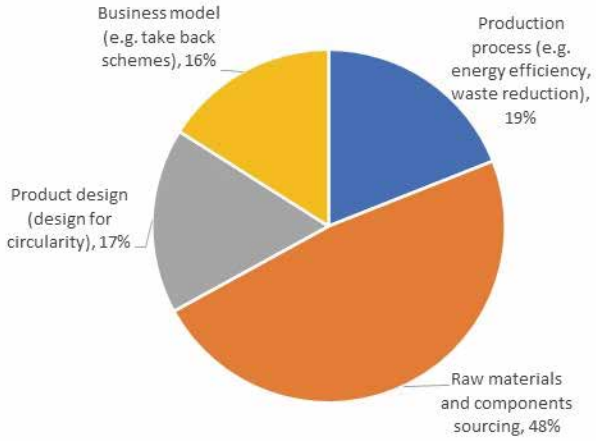
Fig.14 Furniture companies expects sustainability goals will mainly impact on their…

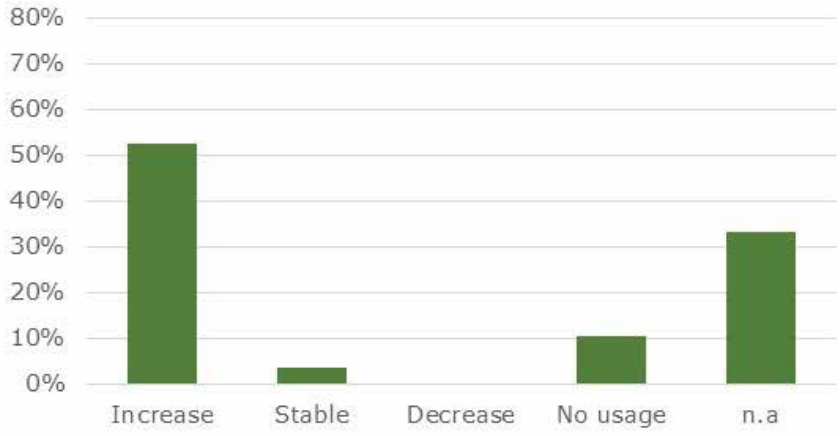


Source: CSIL survey to a sample of furniture companies

More specifically several trends seem to be gradually emerging in the furniture sector.

The search for renewable, bio-based raw materials for furniture production. E.g. vegan leather alternatives, bio-based polyurethane, mushroom materials or other forms of bio-fabrication. These options are often still at the infant stage and they occupy market niches, but they are likely to see higher grow when moving to scalable productions.

Fig. 11 Example. Expected usage of bio-based raw materials in foam mattress production



Source: CSIL survey to a sample of + 100 European mattress manufacturers

The search for recycled raw materials and components for furniture production. E.g wood-based panels with recycled wood, recycled metal, recycled fabric, recycled foam. Some recycling infrastructures and supply chains are well established, others are still underdeveloped, which become an issue for furniture manufacturers.

The increase in the design of recyclable furniture. The offer of furniture marketed as "recyclable" has been increasing. More and more companies' websites advertise recyclable product lines. Design for recycling, design for disassembly are concepts gaining importance in the furniture sector. Still, the sector is far away from high/full levels of furniture recyclability once it reaches its end-of-life.

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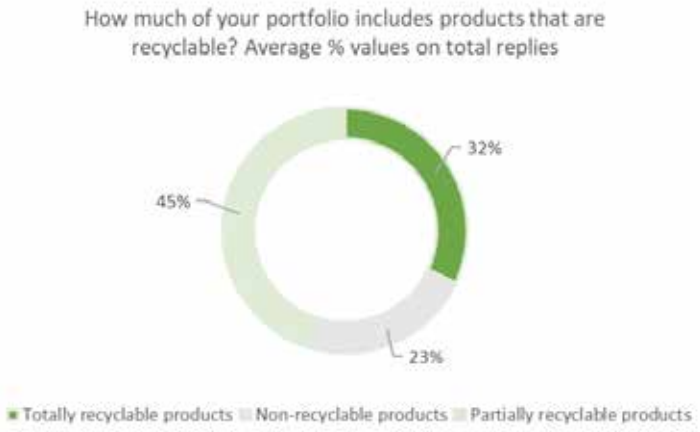
Fig. 12 Example. Recyclable products in a sample of office furniture manufacturers worldwide



Source: CSIL survey to a sample of +100 furniture companies worldwide

Sustainability has become a very important innovation driver in the furniture sector and, in general terms, it is foreseeable that new cycles for previously little or unused secondary resources as well as solutions based on recyclable materials will both gain in relevance in the future

Looking ahead, from one side it is expected that consumers' willingness to pay for sustainability (at present generally low) will progressively increase and, from the other side, that industrial cost to produce sustainable options will decrease with more efficient supply chains and economy of scales. These factors should favour the expansion of the market for more sustainable furniture.

The emergence of circular business models

Companies trying to adapt to more ethical ways of living of consumers are also responding with more sustainable business models. This favored the emergence (or revitalized the importance) of circular business models. Examples are:

- Rental models (e.g. an option to furnish offices instead of direct purchasing)
- Reuse models (e.g. second hand furniture markets, physical or through e-commerce platforms, including sales of luxury brands)
- Remanufacturing models (e.g. companies buying used furniture or from high-quality brand-name clearance markets and offer it to other clients, re-adapting it if necessary)
- Circular retailing, with retailers implementing take back schemes to collect furniture at end-of-life

It is expected that **new business models will increase their role in the medium term** not only driven by sustainability goals, but also from other key factors such as economic convenience for consumers and evolving lifestyles, particularly of younger native digital generations driven by sharing economy concepts, higher mobility, etc.

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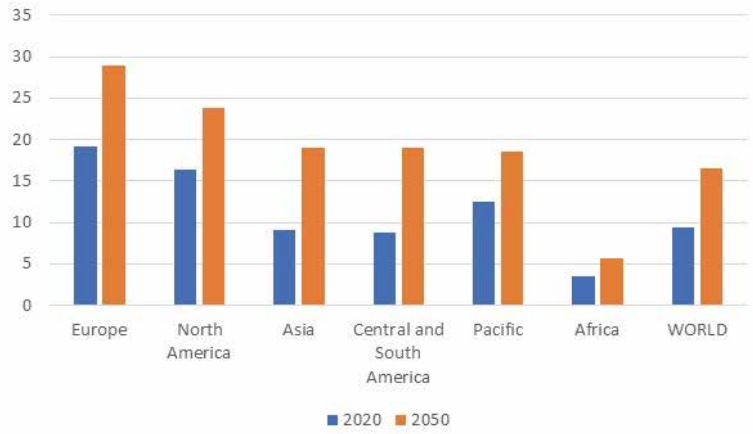
4 WELLNESS LIVING: WELLNESS & COMFORT, ACCESSIBLE DESIGN

What is driving this trend?

- Ageing population globally
- Wellbeing & healthy lifestyles

From a global perspective, the population is getting older and at the same time staying healthy longer.

Fig. 15 Percentage of total population +65 years old, 2020-2050.



Source: CSIL processing of UN data

A relevant segment of the furniture market, particularly in Europe and North America (but increasingly also in other areas of the world), will be made by senior *(or silver)* consumers. This cohort rising in numbers, affluence and digital ability is becoming an attractive market segment for businesses.

Still, it is worth highlighting that the attention to health& wellness is not solely a prerogative of this segment, but it is increasingly spreading also to the younger population with the Covid pandemic being an accelerator of the process.

What does this imply in terms of furniture demand and furniture offer?

The recent success on the market of motion bases, motion sofa, smart mattresses, organic materials in furniture etc. seems demonstrating that the demand on the market of furniture satisfying the wellness need of consumers is particularly lively. **Attention to health & wellness is expected to be even higher** in the coming years, driven by the needs of silver consumers but also by the healthy lifeslyles of younger population. This trend will be reinforced by a more general attention to healthy indoor living (e.g. indoor emission reduction, toxic free construction materials, etc).

Companies targeting this segment are putting more and more **focus on comfort, ergonomic design, natural and safe materials** in furniture product offer. Accessible design is taking care of needs of disabled persons. Thanks to technological advancement (see #2), smart furniture with wireless functions constantly monitoring vital parameter, sending alerts or advice, will more and more penetrate this market.

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5 INDIVIDUALIZATION: DEMAND FOR PERSONALIZATION AND CUSTOMIZATION

What is driving this trend?

- Individualization
- Millennials, gen Z
- Digitalization

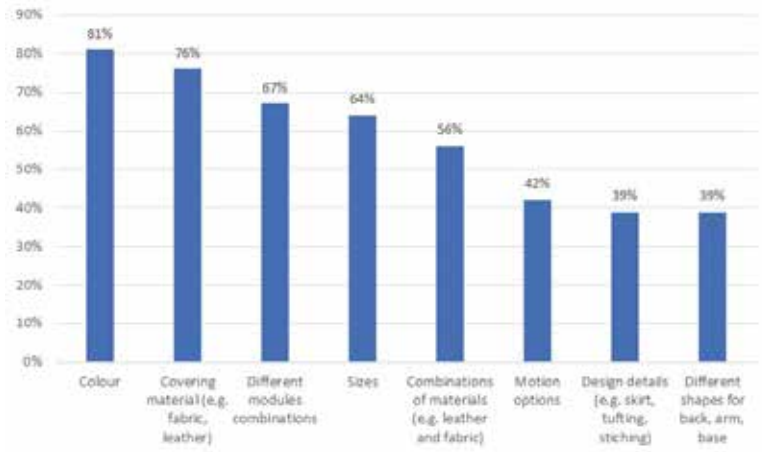
Individualization is the megatrend of an increasingly differentiated society. In a kind of countertrend to globalization, individual lifestyles and unique products are growing in popularity. Millennials and Gen Z (or at least a significant part of them) seem to see, more than previous generations, their home as the extension of their identity, the personality they want to be.

What does this imply in terms of furniture demand and furniture offer?

The request of customized furniture is not a new trend. Bespoke furniture has been a segment of the furniture market for many years, with demand mainly satisfied by handicraft/small scale productions and, often, with products at premium prices.

In recent years market demand for personalization/customization in furniture purchasing has kept on growing and mass customization expressly targeted this need by offering individualization /personalization on furniture industrially produced. Offering the choice of combining materials, colours and additional features to fulfill consumers needs (at "reasonable" time and costs) was the strategy adopted from several furniture companies. Customization options offered vary from relatively simple one (e.g. colours) to more complicated (e.g. shapes or design).

Fig. 19 Example. Upholstered furniture companies offering customization options per type of option



Source: CSIL survey to a sample of +200 upholstered furniture manufacturers worldwide

An important accelerator of the customization trend has been digitalization. At the industrial level, it accelerated the production process of customized furniture with production lines increasingly able to fulfil special requests quickly and economically (e.g. thanks to digital configurators in stores directly connected to the production machinery). At the same time, during the purchasing process, furniture configurators and digital platforms proved to be powerful tools to promote customization, as they offer consumers to visualize

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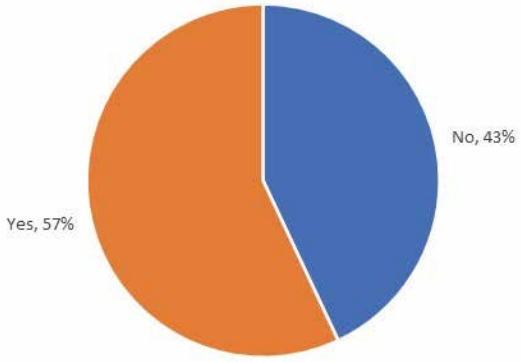
a (potentially infinite) set of variants, from colors to snapes, to find items adapting to their specific aesthetic needs.

Retailers also extend the concept or personalization beyond the product itself to the area of services including pre sales services (e.g. individual consultation, being digital or physical at stores), and post-sales services (e.g. dedicated assistance in maintenance).

Driven by market demand, the trends towards customization offered by companies is expected to continue in the future, particularly in markets where the present level of customization offered is still generally more limited (e.g. for Asian companies, if compared to European ones).

Fig. 20 Example. Companies planning to increase their customization offer in the coming years



Source: CSIL survey to a sample of +200 upholstered furniture manufacturers worldwide

In order to offer more customization options, furniture manufacturing companies are planning to act on manufacturing process optimization, to adapt product design, to invest in software and in workforce training. At the retail level, new business models and digital platforms are expected to become increasingly successful in capturing customization needs, particularly when interacting with younger individuals (millennials, gen Z).

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6 LUXURY LIVING: AFFLUENT CONSUMERS & LUXURY FURNITURE DEMAND

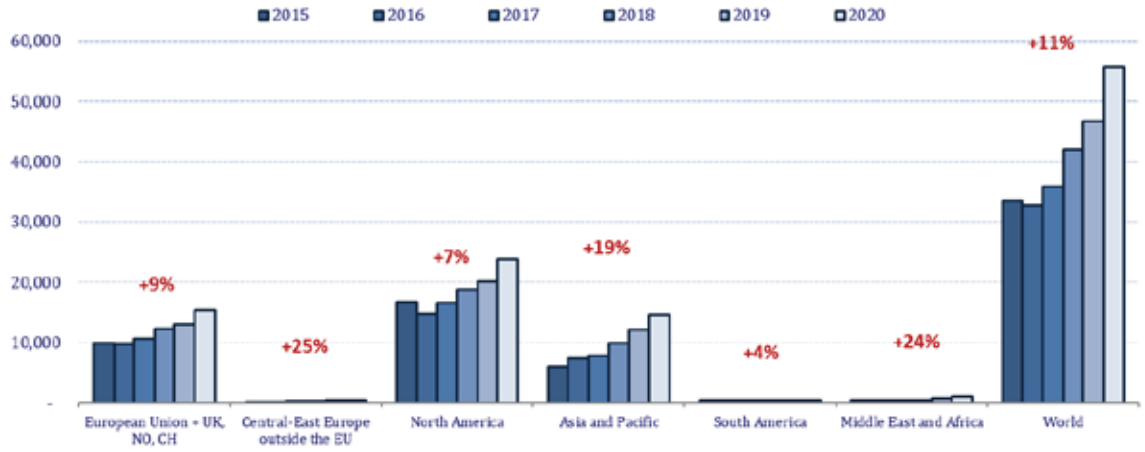
What is driving this trend?

Affluent consumers are growing globally, particularly in Asia

At the global level, both the number of millionaires and UHNWI (adults with wealth over 50 million US$) have experienced significant growth in the last years, showing that the customer base of high-end furniture has increased significantly. In particular, Asia-Pacific is the area in which the number of millionaires has increased at the fastest pace, and the second fastest growing in the number of UHNWI (after North America). In huge markets as China and India the cohort of rich individuals is growing considerably, along with an increasing wealth per capita.

Fig. 16 Millionaires and UHNWI by geographical area, 2015-2020.*

Millionaires



UHNWI

*Source: CSIL processing of Credit Suisse data, *UHNWI: adults with wealth over 50 million US$*

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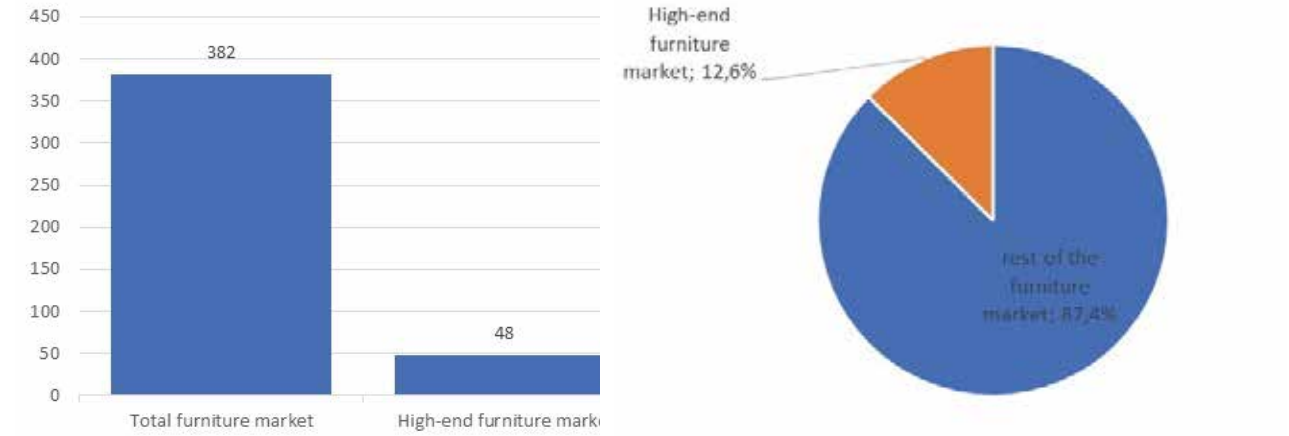
What does this imply in terms of furniture demand and furniture offer?

Luxury/high-end furniture market is a sizeable market. According to CSIL estimates, it accounts for 12% of the total market and is value is calculated at around 50 US$ billion (at producer prices), growing year after year.

Fig. 17 World. High-end furniture consumption, 2021. Billion US$ and % share on the total furniture market*

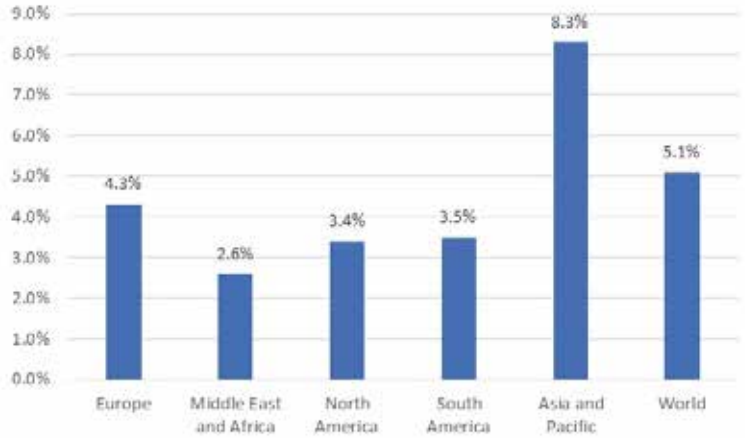


Source: CSIL **:market at producer prices (excl. retailers' margin)*

Taking advantage of the widening pool of rich consumers worldwide, the high-end furniture market has been performing faster than the overall furniture market. In recent years, luxury furniture consumption also proved to be less vulnerable to economic volatility and an uncertainty climate. **Rich consumers were less affected than others by the economic consequences of the pandemic.**

Also when looking ahead, **high-end furniture consumption is expected to increase faster than the furniture market as a whole**. The high-end segment will take advantage from the increase of affluent consumers in emerging economies, as well as the increasing role of furniture in luxury purchases in these economies. This trend will be driven by individualism and the willingness to express oneself (see#5) and to take pleasure from luxury furniture items. Asia-Pacific will be by far the fastest growing area. Even if starting from a relatively low base (if compared to other countries), luxury consumption projections for the coming years are relatively higher.

*Fig. 18 Luxury furniture market, 2023-2025 Expected average consumption growth rate **



Source: CSIL ** real growth rate, excluding prices and exchange rate variations*

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CONCLUSIONS

Globally, the interior and construction industries are facing a continuous evolving context. Analysis of megatrends and an adaptive and forward-looking mindset are fundamental to survive and remain competitive on the market. Shortage of living spaces, demographic change, resource scarcity, disruptive technologies can represent challenges to face or opportunities to be captured through adequate design, product offer and retail strategies.

In a medium-term perspective, the increasing role of digital-native generations and the rapidly progressing technology will lead to a profound transformation of markets and purchasing processes. Putting consumers at the center of the analysis, interpreting behaviors, needs and values becomes more and more essential in a changing world. Additionally, a medium-term perspective can't ignore the environmental challenges we are facing and the responsibility that, as a consumer or as a company, we all have in meeting sustainability goals.

Finding a unique pattern of furniture development is difficult, but what about if more circular business models, exploiting digital tools, and using sustainable materials for production will be the norm in the long term?

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